

STATE OF HAWAII  
STATE PROCUREMENT OFFICE  
HONOLULU, HAWAII

LEGAL AD DATE: May 29, 1997

INVITATION FOR BIDS

NO. IFB-97-246-SW

SEALED BIDS  
FOR  
FURNISHING PHARMACEUTICAL SERVICES

FOR THE  
DEPARTMENT OF PUBLIC SAFETY  
HEALTH CARE DIVISION

will be received up to and opened at 2:00 p.m.

on

June 12, 1997

in the State Procurement Office, Kalanimoku Building, 1151 Punchbowl Street, Room 416, Honolulu, Hawaii 96813.

Questions relating to this bid solicitation may be directed to Sharon Koga, telephone (808) 586-0562, facsimile (808) 586-0570.

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ROBERT J. GOVERNS, CPPB  
Procurement Officer

**WAGE CERTIFICATE**  
(For Service Contracts)

Subject: IFB/RFP No.: \_\_\_\_\_

Title of IFB/RFP: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(To be completed by offeror)

Pursuant to Section 103-55, Hawaii Revised Statutes (HRS), I hereby certify that if awarded the contract in excess of \$5,000, the services to be performed will be performed under the following conditions:

1. The services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work; and
2. All applicable laws of the federal and state governments relating to workers' compensation, unemployment compensation, payment of wages, and safety will be fully complied with.

I understand that failure to comply with the above conditions during the period of the contract shall result in cancellation of the contract, unless such noncompliance is corrected within a reasonable period as determined by the procurement officer. Payment in the final settlement of the contract or the release of bonds, if applicable, or both shall not be made unless the procurement officer has determined that the noncompliance has been corrected; and

I further understand that all payments required by Federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wage required by section 103-55, HRS.

Offeror \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

PHARMACEUTICAL SERVICES  
FOR THE DEPARTMENT OF PUBLIC SAFETY  
HEALTH CARE DIVISION  
IFB-97-246-SW

Procurement Officer  
State Procurement Office  
State of Hawaii  
Honolulu, Hawaii 96813

Dear Sir:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Terms and Conditions dated September 1, 1995 by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof.

The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

Date: \_\_\_\_\_

Respectfully submitted,

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

\_\_\_\_\_  
Exact Legal Name of Offeror

Payment address, if other than  
street address at right:

\_\_\_\_\_  
Authorized Signature (Original)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Title

Hawaii General Excise Tax Lic.  
I.D. No.: \_\_\_\_\_

\_\_\_\_\_  
Street Address

Social Sec. or Federal I.D. No.: \_\_\_\_\_

\_\_\_\_\_  
City, State, Zip Code

If offeror shown above is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:

\_\_\_\_\_  
Offeror is: \_\_\_ Individual \_\_\_ Partnership \_\_\_ Corporation \_\_\_ Joint Venture

State of incorporation: Hawaii \_\_\_\_\_ \*Other \_\_\_\_\_

\*If "other", is corporate seal available in Hawaii? \_\_\_ Yes \_\_\_ No

The following bid is hereby submitted:

Rate (%) by which the prevailing medicaid cost of pharmaceuticals will be increased. The rate submitted is to be no greater than 5% and shall represent the all-inclusive cost to the State for the services specified herein: \_\_\_\_\_%

Bidder shall provide the following information:

**INSURANCE COVERAGE**

1. Commercial  
General Liability: \_\_\_\_\_  
Underwriter

2. Medical  
Professional Liability: \_\_\_\_\_  
Underwriter

Name of Agent: \_\_\_\_\_

Telephone: \_\_\_\_\_

**REFERENCES**

<u>Name of Hospital/Clinical Institution</u>	<u>Contact Person</u>	<u>Phone No.</u>
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Name: _____	_____	_____
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Name: _____	_____	_____
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Offeror: \_\_\_\_\_

**SUBCONTRACTOR(S)**

Will any part of the services specified herein be subcontracted?

YES\_\_\_\_\_

NO\_\_\_\_\_

If yes, list below all subcontractors to be used and what portion of the services the subcontractor(s) will be providing (use additional sheets of paper if necessary):

1. Name of Subcontractor: \_\_\_\_\_

Portion of services to be provided by Subcontractor:

\_\_\_\_\_

2. Name of Subcontractor: \_\_\_\_\_

Portion of services to be provided by Subcontractor:

\_\_\_\_\_

Offeror:\_\_\_\_\_

## SPECIFICATIONS

### SCOPE

The Contractor shall provide pharmaceutical services for a one-year period beginning July 1, 1997 for the inmates under the care of the Health Care Division, Department of Public Safety on the islands of Oahu, Hawaii, Maui, and Kauai. No space for in-house pharmacy is available.

The following facilities are included in this contract:

<u>Facility</u>	<u>Contact Person</u>	<u>Approx. No. of Inmates</u>
Oahu Community Correctional Center (OCCC) 2199 Kamehameha Highway Honolulu, Hawaii 96819	Leilani Mashima Phone: 848-2535	820
Hawaii Community Correctional Center (HCCC) 60 Punahale Street Hilo, Hawaii 96720	Sonja Gumbs Phone: 933-4515	130
Kauai Community Correctional Center (KCCC) 5350 Kuhio Highway Lihue, Hawaii 96766	Tona Donigan Phone: 241-3062	89
Maui Community Correctional Center (MCCC) 600 Waiale Drive Wailuku, Hawaii 96793	Marshall Takafugi Phone: 243-5864	240
Women's Community Correctional Center (WCCC) 42-477 Kalaniana'ole Highway Kailua, Hawaii 96734	Winona Kauwe Phone: 299-9696	95
Halawa Correctional Facility (HCF) 99-902 Moanalua Highway Aiea, Hawaii 96701	Chris Keliipio Phone: 484-7292	1,170
Waiawa Correctional Facility (WCF) P.O. Box 1839 Pearl City, Hawaii 96782	Ruth Baltch Phone: 455-6110	170
Kulani Correctional Facility (KCF) HC 01 Stainback Highway Hilo, Hawaii 96720	Beverly Akiona Phone: 935-2280	200

## **CONTRACTOR'S RESPONSIBILITIES:**

The Contractor shall be responsible for:

1. Maintaining and providing copies of current license(s) to practice pharmacy in the State of Hawaii to the Department of Public Safety.
2. Maintaining all standards and conforming to all applicable State and Federal laws governing pharmaceutical operations.
3. Providing pharmacy coverage for inmates under the care of the Department sixteen (16) hours a day, from 6:00 a.m. to 10:00 p.m., seven (7) days a week; including on call coverage twenty-four (24) hours a day, seven (7) days per week. Delivery shall be within eight (8) hours after an order is placed while the Contractor is "on call".
4. Providing in-service training and consultation to facility(ies) health care personnel on the following topics:
  - a. Proper disposition of unused substances as required by law.
  - b. Proper administration of medication.
  - c. Monitoring and documentation of drug administration and drug utilization in the correctional setting.
  - d. Procedures for management of controlled drugs, according to the law.
5. Monitor, review, and upgrade drug prescription practices and recommend formulary changes (additions/deletions), as applicable.
6. Setting up a system for dispensing prescriptions or for administering daily units of drugs to patients that is compatible to the needs of the facility, including daily pick-up and delivery services, as needed.
7. Assisting the facilities' health care section personnel with the procurement, storage, and inventory of routinely dispensed drugs.
8. Furnishing services to prepackage starter doses of medications that are not available for immediate dispensing.
9. Providing special packaging services (e.g., blister paks) for inmates on medication being released on furlough or temporary leave status.
10. Providing community prescriptions for up to thirty (30) days for inmates who are discharged from the care of the Department.
11. Providing a computerized storage and retrieval system regarding inmate prescriptions. All reports, as well as all other functions of the pharmacy services, shall be fully computerized.

**CONTRACTOR'S RESPONSIBILITIES:** (continued)

12. Providing, but not limited to, the following:
  - a. Monthly patient chart reviews.
  - b. Quarterly nursing station inspections.
  - c. Active participation on all pharmacy related committees.
  - d. Monitoring of the drug formulary.
13. Maintaining a complete patient drug profile (monitoring drug interactions/reactions and allergic reactions) for each patient in the correctional health care system and providing a monthly Medication Administration Report (MAR) as appropriate.
14. Providing the following information utilizing a computerized storage and retrieval system:
  - a. Individual medication history.
  - b. Immediate cross reference checks for drug interactions.
  - c. Inmate's medication record for the duration of inmate's incarceration and for up to six (6) months after discharge or release.
15. Providing of third party billing in accordance with Hawaii Revised Statutes (HRS), Section 346-29.

(Section 346-29, HRS, Applications for Public Assistance; Manner, Form, Conditions provides that "any inmates of a public institution who is otherwise eligible for medical assistance and who has been determined by the medical director of the institution as having a major illness or medical condition requiring the provision of medical care outside of the institution, may receive assistance under this chapter.")
16. Serving as a member(s) of the facility's Pharmacy and Therapeutics (P & T) Committee and attending all meetings held monthly. The P & T Committee, chaired by the Health Care Division Administrator, was formed to establish policies and procedures of medication management including procurement, distribution and disposal; to develop guidelines to monitor medication errors, drug utilization, drug allergies, and drug interactions; and to develop and maintain a drug formulary.
17. Participating in the Department's health services quality assurance activities through the reporting of drug regimen reviews of note at the P & T Committee meetings, monitoring and assisting with corrections of medication errors, and having prescribers complete nonformulary drug requests when drugs are prescribed.



**CONTRACTOR'S RESPONSIBILITIES:** (continued)

18. The Contractor shall furnish quarterly management reports analyzing the pharmacy operation to the Health Care Division Administrator, Health Care Division, Department of Public Safety. These reports shall be submitted no later than thirty (30) days from the end of each quarter. One report shall include statistical information about all drugs dispensed for the month listed by facility. The Contractor may be asked to include additional information in this report. A separate report shall include all controlled substances dispensed.

## **SPECIAL PROVISIONS**

### **SCOPE**

The furnishing of Pharmaceutical Services to the Health Care Sections of the Health Care Division, Department of Public Safety on the islands of Oahu, Hawaii, Maui and Kauai shall be in accordance with these Special Provisions, the attached Specifications, and the General Terms and Conditions, dated September 1, 1995 and included by reference. Copies of the General Terms and Conditions are available at the State Procurement Office, 1151 Punchbowl Street, Room 416, Honolulu, Hawaii and at the DAGS District Offices on the islands of Hawaii, Maui, and Kauai.

### **OFFICER-IN-CHARGE**

For contract purposes, Dr. Alan Taniguchi is designated the Officer-in-Charge. All notices, requests or other official communication shall be handled by him or his duly authorized representative. He may be contacted at (808) 587-1250.

### **TERM OF CONTRACT**

Contractor shall enter into a contract for furnishing Pharmaceutical Services for a period of twelve (12) months commencing July 1, 1997. Unless terminated, the contract shall be extended for not more than two additional twelve (12) month periods, without rebidding, upon mutual agreement in writing at least ninety (90) days prior to expiration. The contract shall be extended provided that the contracted rate for the extended period shall remain the same or lower than the initial contract percentage increase rate. The Contractor or the State may terminate the extended contract at any time upon ninety (90) days prior written notice.

### **BIDDER QUALIFICATION**

At the time of bidding and throughout the contract, bidder shall be duly licensed to practice pharmacy in the State of Hawaii. Bidder shall submit a copy of such license(s) with the bid submittal.

### **BID PREPARATION**

Offer Form, Page OF-1. Offeror is requested to submit its offer using offeror's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable; and to indicate exact legal name in the appropriate space on OFFER FORM, page OF-1. Failure to do so may delay proper execution of the contract.

Offeror's authorized signature shall be an original signature in ink. If OFFER FORM, page OF-1, is unsigned or the affixed signature is a facsimile or a photocopy, the offer shall be automatically rejected unless accompanied by other material, containing an original signature, indicating the offeror's intent to be bound.

Bid Quotation. Bidder shall list the percentage (%) rate by which the prevailing medicaid cost of pharmaceuticals will be increased. The rate submitted shall be no greater than 5%. This increase, plus the cost of pharmaceuticals at the prevailing medicaid rate, will be the all inclusive cost to the State for the Pharmaceutical Services provided herein. The rate must include all costs incurred by the Contractor, including all applicable taxes.

## BID PREPARATION (continued)

Tax Liability. Work to be performed under this solicitation is a business activity taxable under Chapter 237, Hawaii Revised Statutes (HRS), and vendors are advised that they are liable for the Hawaii General Excise tax (GET) at the current 4% rate. If, however, an offeror is a person exempt by the HRS from paying the GET and therefore not liable for the taxes on this solicitation, offeror shall state its tax exempt status and cite the HRS chapter or section allowing the exemption.

Tax Equalization Provision. For evaluation purposes, pursuant to §103-53.5, HRS, as amended, the price offer submitted by an offeror not liable for the GET under this solicitation, shall be increased by the current rate of the GET. Under no circumstance shall the dollar amount of the award include the aforementioned adjustment.

Tax Clearance. An **original or certified copy** of a tax clearance issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS) must be submitted with your sealed offer by the due date and time. The tax clearance shall be obtained on the attached two-part **Tax Clearance Application (Form A-6)** that combines DOTAX and IRS tax clearances.

The application may be mailed in or walked in to either the DOTAX or the IRS. The addresses for DOTAX and IRS district offices are listed on Form A-6. There is limited walk-in service at IRS Maui and Hawaii offices, and none on Kauai.

The DOTAX and IRS encourage the use of their mail-in service, in lieu of walk-in service. We recommend that you mail it to DOTAX where it will be processed and forwarded to the IRS. The process should be completed within twenty-one (21) calendar days. Use of the walk-in service may result in waiting in line at both agencies.

For your information, the tax clearance is valid for forty-five (45) days. If the DOTAX approves a tax clearance certificate on one date and the IRS approves it on another date, the 45-day period will begin with the later date. For example:

DOTAX approval stamp date: 7/1/96  
IRS approval stamp date: 7/5/96  
Tax clearance valid: 7/5/96 to 8/18/96

The tax clearance submitted with your sealed offer must be valid on the solicitation legal ad date or any date thereafter up to the offer due date. A valid tax clearance received with your offer will remain valid for the contract award.

Since this is a new process, however, and a mail-in application is encouraged, we will accept for the purpose of this solicitation a completed SPO Form TEMP B, "Certification for Tax Clearance" in place of the DOTAX Form A-6, if you are unable to obtain a tax clearance by mail in time to include it with your sealed offer. See attached pink NOTICE for the SPO Form TEMP B.

NOTE: The above tax clearance requirement is in addition to the existing requirement for final payment. Refer to the special provisions on INVOICING below for information on the tax clearance requirement for final payment.

## **BID PREPARATION (continued)**

**Offer Guaranty.** A BID SECURITY DEPOSIT IS NOT REQUIRED FOR THIS BID.

**Insurance.** Bidder shall provide insurance information as requested on the appropriate OFFER FORM page.

**References.** Bidder shall provide on OFFER FORM page OF-2 at least two hospitals and/or established clinical institutions in the State of Hawaii to whom pharmaceutical services, similar to those requested herein, have been provided or are currently being provided. The State reserves the right to contact the references listed to inquire about the services provided by the bidder.

**Subcontractors.** Bidder shall list on the appropriate OFFER FORM page, all subcontractors to be used to perform the services specified herein. The Department of Public Safety reserves the right to request additional information about any subcontractor listed. Such information shall be provided within five (5) days of the request.

## **STATUTORY REQUIREMENTS OF SECTION 103-55, HRS**

Refer to Section 2.8 of the General Terms and Conditions, Offeror shall complete and submit the attached wage certification by which offeror certifies that the services required will be performed pursuant to Section 103-55, HRS.

Offerors are advised that Section 103-55, HRS, provides that the services to be performed shall be performed by employees paid at wages not less than wages paid to public officers and employees for similar work. Accordingly, offeror should consider the wage rates when preparing his/her quote.

Offerors are further advised that in the event of an increase in wage rates to public employees performing similar work during the contract period, Contractor will be obliged to provide wages no less than those increased wages.

Contractor shall be further obliged to notify its employees performing work under this contract of the provisions of Section 103-55, HRS, and of the current wage rate for public employees performing similar work. Contractor may meet this obligation by posting a notice to this effect in the Contractor's place of business accessible to all employees, or Contractor may include such notice with each paycheck or pay envelope furnished to the employee.

## **METHOD OF AWARD**

Award, if made, shall be to the responsive and responsible bidder submitting the lowest all inclusive percentage (%) rate by which the prevailing medicaid cost of pharmaceuticals will be increased.

## **ACCEPTANCE OF OFFER**

Acceptance of offer, if any, will be made within sixty calendar days after the opening of offers, and the prices quoted by the offeror shall remain firm for the sixty day period as provided in Section 3.2 of the General Terms and Conditions.

## **SPECIAL PROVISIONS**

**SP-3**

## CONTRACT EXECUTION

The State shall forward a formal contract to the successful offeror for execution. The contract shall be signed by the successful offeror and returned within ten (10) days after receipt by the offeror as specified in Section 3.3 of the General Terms and Conditions.

### NO PERFORMANCE AND PAYMENT BONDS ARE REQUIRED.

If the option to extend for each additional twelve-month period of part thereof is mutually agreed upon, Contractor shall be required to execute a supplement to the contract for each additional period. The Contractor or the State may terminate the extension at any time upon ninety (90) days prior written notice.

## SUBCONTRACTING

The Contractor shall not delegate any duties listed in this IFB to any subcontractor other than those listed on the OFFER FORM page unless given written approval by the Department of Public Safety. The Department reserves the right to approve all subcontractors and to require the primary Contractor to replace any subcontractor found to be unacceptable. The primary Contractor will be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the contract, and shall be responsible for all services whether or not the primary Contractor performs them.

## REMOVAL OF CONTRACTOR'S EMPLOYEES

Contractor agrees to remove any of its employees from services rendered and to be rendered to the State upon request in writing by the contracting officer.

## LIABILITY INSURANCE

Contractor shall maintain insurance acceptable to the State in full force and effect throughout the term of this contract. The policy or policies of insurance maintained by the Contractor shall provide the following limit(s) and coverage(s):

<u>Coverage</u>	<u>Limits</u>
1 - Commercial General Liability (occurrence form)	\$1 million per occurrence combined single limit for bodily injury and property damages with an annual
2 - Medical Professional Insurance	aggregate of \$1 million

The Contractor may be required to indemnify/defend the State of Hawaii, and as such, the Commercial General Liability policy shall contain the following clauses:

1. "This insurance shall not be canceled, limited in scope of coverage or non-renewed until after 30 days written notice has been given to the State of Hawaii, Department of Accounting and General Services, State Procurement Office, P. O. Box 119, Honolulu, Hawaii 96810-0119."

## **LIABILITY INSURANCE (continued)**

2. "The State of Hawaii is added as an additional insured as respects to operations performed for the State of Hawaii."
3. "It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy."

Each insurance policy shall be written by insurance companies licensed to do business in the State or meet Section 431:8-301, Hawaii Revised Statutes, if utilizing an insurance company not licensed by the State of Hawaii.

The Contractor agrees to deposit with the State of Hawaii, on or before the effective date of this contract, certificate(s) of insurance necessary to satisfy the State that the insurance provisions of this contract have been complied with and to keep such insurance in effect and the certificate(s) therefore on deposit with the State during the entire term of this contract. Upon request by the State, Contractor shall furnish a copy of the policy or policies.

Failure of the Contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling the State to exercise any or all of the remedies provided in this contract for a default of the Contractor.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, Contractor shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

Written notice of cancellation of insurance policies shall be provided to the State Procurement Office and also to the Department of Public Safety, Health Care Office.

## **INVOICING**

The Contractor shall send an original invoice and three (3) copies on a monthly basis to the appropriate correctional facility listed in the specifications.

Invoices shall detail the names of clients, medications and quantities dispensed, and the prevailing medicaid rates for pharmaceuticals. The State shall be invoiced at the medicaid rates plus the increases calculated by applying the percentage (%) rate submitted in the bid to the medicaid rates.

## **PAYMENT**

Section 103-10, HRS, provides that the State shall have thirty (30) calendar days after receipt of invoice or performance of the service to make payment. For this reason, the State will reject any bid submitted with a condition requiring payment within a shorter period. Further, the State will reject any bid submitted with a condition requiring interest payments greater than that allowed by Section 103-10, HRS, as amended.

The State will not recognize any requirement established by the Contractor and communicated to the State after award of the contract, which requires payment within a shorter period or interest payment not in conformance with Statute.

The tax clearance submitted with your invoice for final payment now requires both DOTAX and IRS approvals. The clearance submitted earlier is not acceptable for final payment purposes. You must obtain a new tax clearance from DOTAX and IRS and it must be an original (certified copy is not acceptable), not over 45 days old, with box 3.a. of the **Tax Clearance Application (Form A-6)** completed for a specific contract, purchase order, or job number.

## **LIQUIDATED DAMAGES**

Refer to Section 6.12 of the General Terms and Conditions. Liquidated damages is fixed at the sum of FIFTY DOLLARS (\$50.00) per day for each and every time the Contractor fails to perform in whole or in part any of its obligations hereunder. Liquidated damages may be deducted from any payments due or to become due to the Contractor.

## **ADDITIONS AND EXCEPTIONS TO THE GENERAL TERMS AND CONDITIONS**

Approvals. Any agreement arising out of this offer is subject to the approval of the Department of the Attorney General as to form, and to all further approvals, including the approval of the Governor, required by statute, regulation, rule, order, or other directive.

Cancellation of Solicitations and Rejection of Offers. The solicitation may be cancelled or the offers may be rejected, in whole or in part, when in the best interest of the purchasing agency, as provided in Sections 3-122-95 through 3-122-97, Hawaii Administrative Rules.

General Terms and Conditions Not Applicable. Sections 2.11 and 2.14 of the General Terms and Conditions which apply specifically to the Request for Proposals method of source selection are not applicable to Invitation for Bids. Also Sections 2.10 and 2.13 which apply specifically to the Invitation for Bids method of source selection are not applicable to Requests for Proposals.

Records Retention. The Contractor and any subcontractors shall maintain the books and records that relate to the Agreement and any cost or pricing data for three (3) years from the date of final payment under the Agreement.